Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
	)	
SBC Communications Inc. Petitions for	)	
Pricing Flexibility for Special Access and	)	
Dedicated Transport Services for Ameritech	)	WCB/Pricing No. 03-8
Operating Companies, Nevada Bell, Pacific	)	
Bell Telephone Company, Southern New	)	
England Telephone Company, and	)	
Southwestern Bell Telephone Company	)	

MEMORANDUM OPINION AND ORDER

Adopted: May 14, 2003 Released: May 15, 2003

By the Senior Deputy Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. On January 30, 2003, five SBC Communications Inc. telephone companies[1] (collectively, SBC) filed petitions seeking pricing flexibility for special access and dedicated transport services in various geographic markets throughout the country. Specifically, with respect to end user channel terminations, SBC applied for Phase I relief in eight metropolitan statistical areas (MSAs) and for Phase II relief in nine MSAs.[2] For all other special access and dedicated transport revenues, SBC applied for Phase I relief in six MSAs and for Phase II relief in 14 MSAs.[3] As detailed below, the Commission established the parameters for granting pricing flexibility for special access and dedicated transport services in its *Pricing Flexibility*

1 Petition of Ameritech Illinois, Ameritech Indiana, Ameritech Michigan, Ameritech Ohio, and Ameritech Wisconsin for Pricing Flexibility (Jan. 30, 2003) (Ameritech Pet.); Petition of Nevada Bell Telephone Company for Pricing Flexibility (Jan. 30, 2003) (NBT Pet.); Petition of Pacific Bell Telephone Company for Pricing Flexibility (Jan. 30, 2003) (PBT Pet.); Petition of Southern New England Telephone Company for Pricing Flexibility (Jan. 30, 2003) (SNET Pet.); Petition of Southwestern Bell Telephone Company for Pricing Flexibility (Jan. 30, 2003) (SWBT Pet.).

2 *See* Ameritech Pet. at 2; NBT Pet. at 1; PBT Pet. at 1-2; SWBT Pet. at 1-2.

3 *See* Ameritech Pet. at 2; NBT Pet. at 1; PBT Pet. at 1-2; SNET Pet. at 1; SWBT Pet. at 1-2.

Order.[4] In doing so, the Commission recognized the importance of granting pricing flexibility to incumbent local exchange carriers (LECs) as competition develops in the market for interstate access services "to ensure that our regulations do not unduly interfere with the operation of those markets."[5] For the reasons that follow, we grant SBC's five petitions.[6]

II. BACKGROUND

2. To recover the costs of providing interstate access services, incumbent LECs charge interexchange carriers (IXCs) and end users for access services in accordance with the Commission's Part 69 access charge rules.[7] In the *Access Charge Reform First Report and Order*, the Commission adopted a market-based approach to access charge reform, pursuant to which it would relax restrictions on incumbent LEC pricing as competition emerges.[8] At that time, the Commission deferred resolution of the specific timing and degree of pricing flexibility to a future order.[9] Subsequently, in the *Pricing Flexibility Order*, the Commission provided detailed rules for implementing the market-based approach.[10]

3. The framework the Commission adopted in the *Pricing Flexibility Order* grants progressively greater flexibility to LECs subject to price cap regulation as competition develops, while ensuring that: (1) price cap LECs do not use pricing flexibility to deter efficient entry or engage in exclusionary pricing behavior; and (2) price cap LECs do not increase rates to

4 *See Access Charge Reform,* CC Docket No. 96-262, Fifth Report and Order, 14 FCC Rcd 14221 (1999) (*Pricing Flexibility Order*), *aff'd*, *WorldCom, Inc. v. FCC*, 238 F.3d 449 (D.C. Cir. 2001) (*WorldCom*). The *Pricing Flexibility Order* also addressed flexibility for switched access services, but those services are not at issue in the SBC petition.

5 *Pricing Flexibility Order*, 14 FCC Rcd at 14224.

6 In the *Pricing Flexibility Order*, the Commission amended its rules expressly to delegate authority to the Chief, Common Carrier Bureau (now called the Wireline Competition Bureau) to act on petitions for pricing flexibility involving special access and dedicated transport services. *See* 47 C.F.R. § 0.291(j)(1).

7 47 C.F.R. Part 69. Part 69 establishes two basic categories of access services: special access services and switched access services. *Compare* 47 C.F.R. § 69.106 *with id.* § 69.114. Special access services employ dedicated facilities that run directly between the end user and an IXC point of presence (POP), the physical plant where an IXC connects its network with the LEC network. Charges for special access services generally are divided into channel termination charges and channel mileage charges. Channel termination charges recover the costs of facilities between the customer's premises and the LEC end office and the costs of facilities between the IXC POP and the LEC serving wire center. *See id.* §§ 69.703(a)-(b). Channel mileage charges recover the costs of facilities (also known as interoffice facilities) between the LEC serving wire center and the LEC end office serving the end user. *See Pricing Flexibility Order*, 14 FCC Rcd at 14226-27.

8 *Access Charge Reform*, CC Docket No. 96-262, First Report and Order, 12 FCC Rcd 15982 (1997) (*Access Charge Reform First Report and Order*), *aff'd, Southwestern Bell v. FCC,* 153 F.3d 523 (8th Cir. 1998).

9 *Access Charge Reform First Report and Order*, 12 FCC Rcd at 15989.

10 *Pricing Flexibility Order*, 14 FCC Rcd at 14225 (citing *Access Charge Reform First Report and Order*, 12 FCC Rcd at 15989, 16094-95).

unreasonable levels for customers that lack competitive alternatives.[11] In addition, the reforms are designed to facilitate the removal of services from price cap regulation as competition develops in the marketplace, without imposing undue administrative burdens on the Commission or the industry.[12]

4. In keeping with these goals, the Commission established a framework for granting price cap LECs greater flexibility in the pricing of interstate access services once they make a competitive showing, or satisfy certain "triggers," to demonstrate that market conditions in a particular area warrant the relief they seek. Pricing flexibility for special access and dedicated transport services[13] is available in two phases, based on an analysis of competitive conditions in individual MSAs.[14]

5. Phase I Pricing Flexibility. A price cap LEC that obtains Phase I relief is allowed to offer, on one day's notice, contract tariffs[15] and volume and term discounts for qualifying services, so long as the services provided pursuant to contract are removed from price caps.[16] To protect those customers that may lack competitive alternatives, a price cap LEC receiving Phase I flexibility must maintain its generally available price cap constrained tariffed rates for these services.[17] To obtain Phase I relief, a price cap LEC must meet triggers designed to demonstrate that competitors have made irreversible, sunk investments in the facilities needed to provide the services at issue. In particular, to receive pricing flexibility for dedicated transport and special access services (other than channel terminations to end users), a price cap LEC must demonstrate that unaffiliated competitors have collocated in at least 15 percent of the LEC's wire centers within an MSA, or have collocated in wire centers accounting for 30 percent of the LEC's revenues from these services within an MSA.[18] In both cases, the price cap LEC also must show,

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[11] *Pricing Flexibility Order*, 14 FCC Rcd at 14225. The Commission instituted price cap regulation for the Regional Bell Operating Companies (RBOCs) and GTE in 1991 and permitted other LECs to adopt price cap regulation voluntarily, subject to certain conditions. *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Second Report and Order, 5 FCC Rcd 6786, 6818-20 (1990). The *Pricing Flexibility Order* applies only to LECs that are subject to price cap regulation.

[12] *Pricing Flexibility Order*, 14 FCC Rcd at 14225.

[13] For purposes of pricing flexibility proceedings, "dedicated transport services" refer to services associated with entrance facilities, direct-trunked transport, and the dedicated component of tandem-switched transport. *Pricing Flexibility Order*, 14 FCC Rcd at 14234. These services are defined in 47 C.F.R. § 69.2(qq) (entrance facilities), § 69.2(oo) (direct-trunked transport), and § 69.2(ss) (tandem-switched transport).

[14] *See* 47 C.F.R. § 22.909(a) (definition of MSA).

[15] A contract tariff is a tariff based on an individually negotiated service contract. *See Competition in the Interstate Interexchange Marketplace,* CC Docket No. 90-132, Report and Order, 6 FCC Rcd 5880, 5897 (1991) (*Interexchange Competition Order*); 47 C.F.R. § 61.3(o). *See also* 47 C.F.R. § 61.55 (describing required composition of contract-based tariffs).

[16] *Pricing Flexibility Order,* 14 FCC Rcd at 14287.

[17] *Id.* at 14234-35.

[18] *Id.* at 14274, 14277-81; 47 C.F.R.§ 69.709(b).

with respect to *each* wire center, that at least one collocator is relying on transport facilities provided by an entity other than the incumbent LEC.[19]

6. Higher thresholds apply for obtaining Phase I pricing flexibility for channel terminations between a LEC's end office and an end user customer. A competitor collocating in a LEC end office continues to rely on the LEC's facilities for the channel termination between the end office and the customer premises, at least initially, and thus is more susceptible to exclusionary pricing behavior by the LEC.[20] As a result, a price cap LEC must demonstrate that unaffiliated competitors have collocated in at least 50 percent of the LEC's wire centers within an MSA, or have collocated in wire centers accounting for 65 percent of the LEC's revenues from these services within an MSA.[21] Again, the LEC also must demonstrate, with respect to each wire center, that at least one collocator is relying on transport facilities provided by an entity other than the incumbent LEC.[22]

7. Phase II Pricing Flexibility. A price cap LEC that receives Phase II relief is allowed to offer dedicated transport and special access services free from the Commission's Part 69 rate structure and Part 61 price cap rules. The LEC, however, is required to file, on one day's notice, generally available tariffs for those services for which it receives Phase II relief.[23] To obtain Phase II relief, a price cap LEC must meet triggers designed to demonstrate competition for the services at issue within the MSA is sufficient to preclude the incumbent from exploiting any individual market power over a sustained period. To obtain Phase II relief for dedicated transport and special access services (other than channel terminations to end users), a price cap LEC must demonstrate that unaffiliated competitors have collocated in at least 50 percent of the LEC's wire centers within an MSA, or have collocated in wire centers accounting for 65 percent of the LEC's revenues from these services within an MSA.[24] Higher thresholds apply for obtaining Phase II pricing flexibility relief for channel terminations between a LEC end office and an end user customer. To obtain such relief, a price cap LEC must demonstrate that unaffiliated competitors have collocated in at least 65 percent of the LEC's wire centers within an MSA, or have collocated in wire centers accounting for 85 percent of the LEC's revenues from these services within an MSA.[25] Once again, the LEC also must demonstrate, with respect to each wire center, that at least one collocator is relying on transport facilities provided by an entity other than the incumbent LEC.[26]

[19] 47 C.F.R. § 69.709(b).

[20] *Pricing Flexibility Order*, 14 FCC Rcd at 14279.

[21] *Id.* at 14280-81; 47 C.F.R.§ 69.711(b).

[22] 47 C.F.R. § 69.711(b).

[23] *Pricing Flexibility Order*, 14 FCC Rcd at 14299-14301; 47 C.F.R. § 69.727(b)(3).

[24] *Pricing Flexibility Order*, 14 FCC Rcd at 14299; 47 C.F.R. § 69.709(c).

[25] *Pricing Flexibility Order*, 14 FCC Rcd at 14235; 47 C.F.R. § 69.711(c).

[26] 47 C.F.R. § 69.711(c).

III. DISCUSSION

A. Petitions and Comments

8. SBC seeks pricing flexibility for certain dedicated transport and special access services listed in its petition and set forth in Appendix A of this order.[27] Appendix B sets forth the various forms of pricing flexibility (Phase I or Phase II) requested by SBC and lists the MSAs for which the relief is requested.

9. AT&T filed comments in opposition to SBC's petitions. Specifically, AT&T contends that, in its recently filed Petition for Rulemaking,[28] it demonstrates in detail that price cap ILECs are charging unjust and unreasonable rates in areas where they have already received pricing flexibility. In asking the Commission to institute a moratorium on any further grants of pricing flexibility while its rulemaking is pending, AT&T asserts that ARMIS reports for 2001 show that the dominant incumbent LECs are earning rates of return dramatically higher than the 11.25% that was found to be just and reasonable in 1990.[29] AT&T argues that these rates of return are even more unreasonable in light of the lower inflation and debt interest rates that prevail today. AT&T further contends that the triggers for pricing flexibility fail to measure whether meaningful competition exists for the relevant services. Thus, AT&T alleges that the Bells' month-to-month special access rates are uniformly higher in areas in which they have received Phase II pricing flexibility than they are in areas still subject to price caps.[30] AT&T does not, however, challenge SBC's showing that it meets the Commission's established requirements for pricing flexibility. Initially, AT&T alleged that SBC failed to meet the pricing flexibility triggers in three wire centers.[31] Subsequently, SBC explained certain details about the configuration of the wire centers at issue and AT&T withdrew this contention.[32] Accordingly, neither AT&T nor any other party challenges SBC's showing that it meets the Commission's established requirements for pricing flexibility.

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27 *See supra* para. 1. We note that the Bureau previously granted SBC Phase I and II pricing flexibility for certain special access and channel termination services in various geographic areas across the country. *See Petition of Ameritech Illinois, Ameritech Indiana, Ameritech Michigan, Ameritech Ohio, and Ameritech Wisconsin for Pricing Flexibility, Petition of Pacific Bell Telephone Company for Pricing Flexibility, Petition of Southwestern Bell Telephone Company for Pricing Flexibility*, CCB/CPD Nos. 00-23, 00-25, and 00-26, Memorandum Opinion and Order, 16 FCC Rcd 5889 (Com. Car. Bur. 2001).

28 *AT&T Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, RM No. 10593, Petition of AT&T (filed Oct. 15, 2002). *See also* Public Notice, 17 FCC Rcd 21530 (Wire. Comp. Bur. 2002) (seeking comment on AT&T petition).

29 AT&T Opposition To SBC Petition For Pricing Flexibility For Special Access and Dedicated Transport Services at 2 (filed Feb. 14, 2003) (AT&T Opposition).

30 *Id*. at 3.

31 AT&T Opposition at 5.

32 Reply of SBC Communications Inc. at 7-8 (filed Feb. 24, 2003) (SBC Reply). Letter from Judy Sello, AT&T, to Marlene H. Dortch, Secretary, Federal Communications Commission, WCB/PPD 03-8 (filed May 7, 2003). *Accord* Letter from Michelle Sclater, SBC, to Marlene H. Dortch, Secretary, Federal Communications Commission, WCB/PPD 03-8 (filed May 7, 2003).

10. In response, SBC contends that the arguments regarding the Commission's pricing flexibility rules and triggers are merely collateral attacks on the *Pricing Flexibility Order* and that the only issue relevant to this proceeding is whether the petitioner has satisfied the criteria for a grant of pricing flexibility.[33] SBC also contends that using accounting rates of return as a surrogate for monopoly power or profits is misleading; the economic rate of return is the "the only correct measure of profit for purposes of economic analysis."[34] In addition, SBC provides data it contends demonstrates that there is "meaningful competition" for special access services.[35]

B. Adequacy of the Pricing Flexibility Rules

11. As a threshold matter, we reject AT&T's arguments regarding the adequacy of the Commission's pricing flexibility rules to identify competitive markets. We have stated repeatedly that we will not consider collateral challenges to the *Pricing Flexibility Order* when reviewing a pricing flexibility petition.[36] In this proceeding, we restrict ourselves to deciding whether the SBC petitions satisfy the requirements for pricing flexibility for special access and dedicated transport services set forth in the Commission's rules.

12. We also reject AT&T's request for a moratorium on all pricing flexibility petitions until we have acted on its petition to reregulate special access services.[37] The Commission's rules in effect at this time provide for a grant of pricing flexibility where the incumbent LEC has made the required evidentiary showing. AT&T's pending challenges to the pricing flexibility framework itself are more appropriately considered in other proceedings and, in any event, fail to demonstrate that continued application of the current rules is unwarranted. AT&T does not offer, nor do we see, any reason why we should postpone acting on SBC's petition.[38]

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33 SBC Reply at 1.

34 *Id*. at 2.

35 *Id*. at 4.

36 *See, e.g., In the Matter of Verizon Petition for Pricing Flexibility for Special Access and Dedicated Transport*, WCB/Pricing No. 02-33, 18 FCC Rcd 6237, at para. 11 (rel. March 31, 2003) (*Verizon Pricing Flexibility Order*). *See also Petition of Ameritech Illinois, Ameritech Indiana, Ameritech Michigan, Ameritech Ohio, and Ameritech Wisconsin for Pricing Flexibility, Petition of Pacific Bell Telephone Company for Pricing Flexibility, Petition of Southwestern Bell Telephone Company for Pricing Flexibility*, CCB/CPD Nos. 00-23, 00-25 and 00-26, Memorandum Opinion and Order, 16 FCC Rcd 5889 (Com. Car. Bur. 2001); *Verizon Petitions for Pricing Flexibility for Special Access and Dedicated Transport Services*, CCB/CPD Nos. 00-24, 00-28, Memorandum Opinion and Order, 16 FCC Rcd 5876, 5881 (Com. Car. Bur. 2001). *See also BellSouth Pricing Flexibility Order,* 15 FCC Rcd 24588 (Com. Car. Bur. 2000); *BellSouth Petition for Phase I Pricing Flexibility for Switched Access Services*, CCB/CPD No. 00-21, Memorandum Opinion and Order, 16 FCC Rcd 5040, 5052 (Com. Car. Bur. 2001).

37 *See* AT&T Opposition at 4-5.

38 *Verizon Pricing Flexibility Order*, 18 FCC Rcd 6237, at para. 12.

C. Competitive Showing Required for Pricing Flexibility

13. Pricing flexibility may be granted upon the satisfaction of certain competitive showings. An incumbent LEC bears the burden of proving that it has satisfied the applicable triggers for the pricing flexibility it seeks for each MSA.[39] For special access and dedicated transport services, the Commission established two means of satisfying this requirement. In the first, the incumbent must show: (1) the total number of wire centers in the MSA; (2) the number and location of the wire centers in which competitors have collocated; (3) the name, in each wire center on which the incumbent bases its petition, of at least one collocator that uses transport facilities owned by a provider other than the incumbent to transport traffic from that wire center; and (4) that the percentage of wire centers in which competitors have collocated and use competitive transport satisfies the trigger the Commission adopted with respect to the pricing flexibility sought by the incumbent LEC.[40] Alternatively, the incumbent must show: (1) the total base period[41] revenues generated by the services for which the incumbent seeks relief in the MSA for which the incumbent seeks relief; (2) the name, in each wire center on which the incumbent bases its petition, of at least one collocator that uses transport facilities owned by a provider other than the incumbent to transport traffic from that wire center; and (3) that the wire centers in which competitors have collocated and use competitive transport account for a sufficient percentage of the incumbent's base period revenues generated by the services at issue within the relevant MSA to satisfy the trigger the Commission adopted for the pricing flexibility sought by the incumbent LEC.[42]

14. With respect to each MSA, SBC chose the latter, revenue-based alternative to demonstrate that it has met the applicable trigger(s).[43] SBC extracted revenues from its Carrier Access Billing System (CABS)[44] and attributed such revenues to the wire centers in each MSA, as summarized below:[45]

15. *Ameritech*. The following rate elements were directly mapped to the wire center: channel terminations and entrance facilities, channel mileage terminations, direct trunk transport (fixed), other recurring charges (*e.g.*, muxing), and non-recurring charges (where the wire center was known).[46] For interoffice channel mileage, Ameritech attributed 50 percent to each wire

39 *Pricing Flexibility Order*, 14 FCC Rcd at 14309.

40 47 C.F.R. § 1.774(a)(3)(i)-(iv)(A).

41 For price cap LECs, the "base period" is the 12-month period (*i.e.*, the calendar year) ending 6 months before the effective date of the LECs' annual access tariffs. 47 C.F.R. § 61.3(g).

42 47 C.F.R. §§ 1.774(a)(3)(i)-(iii), (iv)(B).

43 Ameritech Pet. at App. D; NBT Pet. at App. D; PBT Pet. at App. D; SNET Pet. at App. D; SWBT Pet. at App. D.

44 *See, e.g.*, Ameritech Pet., App. D at 4.

45 *See, e.g.*, *id*. at 3.

46 *Id*. at 4.

center at the two ends of each individual circuit; for SONET rings, the mileage was evenly allocated to the nodes in the ring.[47] For direct trunk transport mileage, Ameritech attributed 50 percent to each wire center at the two ends of each individual circuit.[48] For non-recurring charges where the wire center was not known, revenue was allocated based on channel termination revenue.[49] In connection with POP/end user revenue allocation methodology, Ameritech used the circuit location number to determine the location at the other end of the circuit.[50]

16. *Nevada Bell.* The following rate elements were directly mapped to the wire center: channel terminations and entrance facilities, fixed channel mileage, direct trunk transport (fixed), other recurring charges (*e.g.*, muxing), and SS7.[51] For interoffice channel mileage, NBT attributed 50 percent to each wire center at the two ends of each individual circuit.[52] For multi-point – bridging, NBT attributed 50 percent to each wire center at the two ends of each individual circuit (CABS billed revenue), and, for CRIS billed revenue, NBT attributed 50 percent to the terminating wire center, with the remaining 50 percent of unassigned channel mileage being allocated equally among all wire centers within the MSA.[53] For direct trunk transport mileage, NBT attributed 50 percent to each wire center at the two ends of each individual circuit.[54] The allocation for non-recurring charges was based on channel terminations and entrance facility revenue.[55]

17. *Pacific Bell.* The following rate elements were directly mapped to the wire center: channel terminations and entrance facilities, fixed channel mileage, direct trunk transport (fixed), other recurring charges (*e.g.*, muxing), and SS7.[56] For interoffice channel mileage, PBT attributed 50 percent to each wire center at the two ends of each individual circuit.[57] For multi-point – bridging, PBT attributed 50 percent to each wire center at the two ends of each individual circuit (CABS billed revenue), and, for CRIS billed revenue, PBT attributed 50 percent to the terminating wire center, with the remaining 50 percent of unassigned channel mileage being

[47] *Id*.

[48] *Id*.

[49] *Id*.

[50] *Id*. at 7.

[51] NBT Pet., App. D at 4.

[52] *Id*.

[53] *Id*.

[54] *Id*.

[55] *Id*.

[56] PBT Pet., App. D at 4.

[57] *Id*.

allocated equally among all wire centers within the MSA.[58] For direct trunk transport mileage, PBT attributed 50 percent to each wire center at the two ends of each individual circuit.[59] The allocation for non-recurring charges was based on channel terminations and entrance facility revenue.[60]

18. *Southern New England Bell* and *Southwestern Bell.* The following rate elements were directly mapped to the wire center: channel terminations and entrance facilities, fixed channel mileage, direct trunk transport (fixed), other recurring charges (*e.g*., muxing), and, in the case of SNET, SS7.[61] For interoffice channel mileage, SNET and SWBT attributed 50 percent to each wire center at the two ends of each individual circuit.[62] For direct trunk transport mileage, SNET and SWBT attributed 50 percent to each wire center at the two ends of each individual circuit.[63] For both carriers, the allocation for non-recurring charges was based on channel terminations and entrance facility revenue.[64]

19. Finally, for each of the five SBC telephone companies, SBC determined the MSAs that qualify for pricing flexibility by identifying: (1) wire centers within each MSA; (2) wire centers within each MSA where service providers have obtained collocation with alternative facilities other than SBC-provided transport, and service providers collocated with alternative transport facilities other than SBC-provided transport; (3) revenue attributable to qualifying Dedicated Transport and Special Access services (other than channel terminations to end user premises) for each wire center within the MSA; and (4) revenue attributable to channel terminations between an end user's premises and SBC end offices for each wire center within the MSA.[65]

20. After reviewing SBC's verification method, as described in the petition, together with the data provided in the public and confidential versions of its petition and in its reply, we find that SBC has met the applicable triggers in section 1.774 of the Commission's rules.[66] Based upon a review of the information submitted, we conclude that SBC has satisfied its burden of demonstrating that it has met the applicable requirements for each of the various services and MSAs for which it requests relief.

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[58] *Id*.

[59] *Id*.

[60] *Id*.

[61] SNET Pet., App. D at 4; SWBT Pet., App. D at 4.

[62] SNET Pet., App. D at 4; SWBT Pet., App. D at 4.

[63] SNET Pet., App. D at 4; SWBT Pet., App. D at 4.

[64] SNET Pet., App. D at 4; SWBT Pet., App. D at 4.

[65] Ameritech Pet., App. D at 1; NBT Pet., App. D at 1; PBT Pet., App. D at 1; SNET Pet., App. D at 1; SWBT Pet., App. D at 1.

[66] 47 C.F.R. § 1.774.

IV. ORDERING CLAUSES

21. Accordingly, IT IS ORDERED that, pursuant to section 1.774 of the Commission's Rules, 47 C.F.R. § 1.774, and the authority delegated by sections 0.91 and 0.291 of the Commission's Rules, 47 C.F.R. §§ 0.91 and 0.291, and the *Pricing Flexibility Order,* the petitions filed by SBC are hereby GRANTED to the extent detailed herein.

FEDERAL COMMUNICATIONS COMMISSION

Jeffrey J. Carlisle
Senior Deputy Chief
Wireline Competition Bureau

APPENDIX A
SERVICES QUALIFYING FOR PRICING FLEXIBILITY

I. TRUNKING BASKET

Ameritech Operating Companies
Voice Grade
LT-1
LT-3
Switched Sonet
Signaling
SS7
Telecom Relay Service

Nevada Bell
Voice Grade
DS1
DS3
SS7

Pacific Bell
Voice Grade
DS1
DS3 Fiber Advantage
SS7

Southern New England Bell
Voice Grade
DS1
DS3
SS7
SNET Sonet Network Services (SSNS)
Dedicated Sonet Ring Service (DSRS)

Southwestern Bell
Voice Grade
DS1
DS3
Switched Relianet

II. SPECIAL ACCESS BASKET

Ameritech Operating Companies
Metallic
Telegraph Grade
Direct Analog
Program Audio
Video (TV Analog, Digital, ASVS, AMVS, WAVS, SCVS)
AIT Base Rate Service
AIT DS1
AIT DS3
Optical Carrier Network (OCN) 3, 12, 48, and 192 Point to Point
AIT OC-3, 12, 48, and 192 Dedicated Ring
Sonet Xpress Service
GigaMAN
Multi-Service Optical Network (MON)

Nevada Bell
Voice Grade
Program Audio
Video
Digital Data Service
High Capacity (DS1, DS3)
Broadband Circuit Services (BCS)
Optical Carrier Network (OCN) 3, 12, 48, and 192 Point to Point
GigaMAN (Gigabit Ethernet Metropolitan Area Network)
Multi-Service Optical Network (MON)

Pacific Bell
Metallic
Telegraph Grade
Voice Grade
Program Audio
Video
Generic Digital Transport (GDT)
High Capacity (DS1, DS1 Fiber Advantage, DS3 Fiber Advantage)
Sonet Ring & Access Services (SRAS)
Broadband Circuit Services (BCS)
Dedicated Sonet Ring Service (DSRS)
OC-192 DSRS
Optical Carrier Network (OCN) 3, 12, and 48 Point to Point
GigaMAN (Gigabit Ethernet Metropolitan Area Network)
Optical Carrier Network (OCN) 192 Point to Point
Multi-Service Optical Network (MON)

Southwestern Bell
Metallic
Telegraph Grade
Voice Grade
Program Audio
Video
Megalink Data (MDS)
DovLink
High Capacity (DS1)
Megalink Custom (DS3)
Network Reconfiguration Service (NRS)
Transport Resource Management (TRM)
Broadband Circuit Services (BCS)
Self Healing Transport Network (STN)
Relianet
Dedicated Sonet Ring Service (DSRS)
OC-192 DSRS
Optical Carrier Network (OCN) 3, 12, 48, and 192 Point to Point
GigaMAN (Gigabit Ethernet Metropolitan Area Network)
Multi-Service Optical Network (MON)

Southern New England Bell
Voice Grade
Program Audio
Video
Digital Data (DDS)
High Capacity (DS1 & DS3)
SNET Sonet Network Service (SSNS)
Dedicated Sonet Ring Service (DSRS)
Optical Carrier Network (OCN) 3, 12, and 48 Point to Point Service

APPENDIX B
TYPES OF PRICING FLEXIBILITY RELIEF SOUGHT BY SBC

I. DEDICATED TRANSPORT AND SPECIAL ACCESS SERVICES

MSA	Type of Relief Requested
St. Louis, IL	Phase I
Kenosha, WI	Phase I
New Haven, CT	Phase I
Beaumont-Port Arthur, TX	Phase I
Fayetteville-Springdale, AR	Phase I
Wichita, KS	Phase I
Lansing-East Lansing, MI	Phase II
Akron, OH	Phase II
Eau Claire, WI	Phase II
Janesville-Beloit, WI	Phase II
Racine, WI	Phase II
Sheboygan, WI	Phase II
Reno, NV	Phase II
Bakersfield, CA	Phase II
Fresno, CA	Phase II
Oxnard-Simi Valley-Ventura, CA	Phase II
Stockton, CA	Phase II
Fort Smith, AR-OK	Phase II
Midland, TX	Phase II
Santa Rosa-Petaluma, CA	Phase II

II. CHANNEL TERMINATIONS TO END USERS

MSA	Type of Relief Requested
Eau Claire, WI	Phase I
Kenosha, WI	Phase I
Reno, NV	Phase I
Oxnard-Simi Valley-Ventura, CA	Phase I
Santa Rosa-Petaluma, CA	Phase I
Stockton, CA	Phase I
Fort Smith, AR-OK	Phase I
Midland, TX	Phase I
Lansing-East Lansing, MI	Phase II
Columbus, OH	Phase II
Janesville-Beloit, WI	Phase II
Racine, WI	Phase II
Sheboygan, WI	Phase II
Fresno, CA	Phase II
Los Angeles-Long Beach, CA	Phase II
Little Rock-North Little Rock, AR	Phase II
Topeka, KS	Phase II